Fred

MEMO TO FINANCIAL COLLABORATIVE PARTICIPANTS

At a meeting which included Jim, Warner and myself, with Steve and Gordon arriving at the end and in the middle, we thrashed-out the following items and Plan outline. Will you please review the outline paying particular attention to the assignments and duties.

i <u>Items of Information</u>:

A. Jim's Fact Finder, which has been up-dated by Warner, will be used. Warner will make five copies for each of us. Jim's Attitude Finder will be integrated with it.

B. The day-time three ring notebook will be used for each plan, with vinyl covering and The Financial Collaborative's logo on the cover. Pre-printed seperation tabs will be included. Barbara Henderson will design the logo. Our new secretary will place this order and follow up.

C. When the plan is presented to a client, two sessions and a follow-up letter will be needed. The first session presents the Plan. A follow-up letter, which includes a listed Summary of Recommendations, including a time frame for implementation, will be sent after the first session. The second session will be to answer questions about the Plan, review the recommendations, and begin the implementation process and timetable.

ii <u>Plan Outline</u>:

A. Planning Objectives and Assumptions

i. Financial Objectives: Jim's standard ones on the I.B.M. computer will be used. Jim will re-look at them in conjunction with Bob Wegner's six categories.

ii. Assumptions: These may include family and career assumptions; domicile change flexibility; attitude to educational costs etc.

iii. Observations: These may include lifestyle; investment risk-reward flexibility etc. Both the assumptions and observations should become apparent from the Fact Find and questionaire.

B. Present Situation and Recommendations: (Fred Pryor)

i. Net Worth: Net worth will include a graphic display of assets and liabilities. Warner's Apple computer has the format which is the Visicalc program. The only change we will make is that we will personalize the asset description for each client.

ii. Cash Flow Management: (Jim Joslin)

a. Introduction to Cash Flow Management: Jim's boilerplate from his plans will be used.
b. Your Cash Flow Management: Jim's computer print-out showing all income and all expenses will be used. A paragraph or two will be included highlighting the important numbers in the cash flow exhibit. No cash flow recommendations will be made at this time.

iii. Income Tax Planning (Gordon Snyder)

a. Overview to income taxes with our Internal Tax graph on how the tax works. Jim has this graph.
b. Flow Chart of monies going to taxes. Jim has.
c. A schedule showing a calculation of the present tax liability. Jim has.
d. A graph summarizing the clients liability. Jim has.
e. A written list of the various general tax planning measures that can be taken to save taxes. Jim has boilerplate. Also included are various diagrams and exhibits used to describe the measures. They should be labeled.
* f. Keying the client into those measures that he/she can make use of. Refer to Fred's written recommendations. Use Gordon's Real Estate Tax Shelter exhibit when necessary.
g. The computerized after-tax calculation after the recommendations have been implemented. Jim has. Included here is a paragraph or so highlighting the tax savings.

**iv.Building Capital (Jim Joslin)
(Gordon will recheck the legal issues of advising on Investments. It may be that the Callaborative will have to register as a Corporate Advisor or that more of us will have to register as investment advisors.
a. Introduction to Investments:
Jack Bogle's article on "Strategies of an Inflationary Era" will be the prime resource. A paragraph on lender vs. equity investing will be included. Jim will check Wegner's summary. A case will be made for diversification. See Warner's notes. Also, Warner's Solomon Bros. chart on investment growth will be used.
b. Your Investment Situation:
(Warners's visicalc) Personal Investment Diversification model will be used. Jim's Asset distribution matrix will be merged with the visicalc model. Each case has to be individualized in the area. Jim and Warner will work together on the asset category description.
* c. Investment Recommendations:
All recommendations will have to be done by the group on a case by case basis. Recommendations will have to be adjusted for inflation keying in the C.P.I. or the G.N.P. deflator. Building an educational fund will be mentioned as a result of building capital, if that is an objective. A visicalc graph will be used to depict diversification after recommendations have been implemented.
d. Introduction to Debt Management:
Jim will use Wegner's boilerplate here.
e. Your Debt Management:
A paragraph or two on the client's debt plus a mortgage or loan refinancing graph will be included.
* f. Debt Management Recommendations:
Open credit card balances or refinancing recommendations will be included on a case by case basis.

v.Estate and Business Planning:(Fred Pyor)
a. Introduction to Estate Planning:
Boilerplate from Jim's system using Settlement Siphon diagram. Also, emplasis on length of time and steps involved in settling an estate.
b. Your Estate Settlement Costs and Projected Costs:
Costs 5,10, or 20 years ahead. Jim has. It also shows accumulated net for survivors.
* c.Estate Recommendations:
Fred to draft here after case discussion.
d. Capital Needs Analysis:
Jim has. It summarizes prior categories and demotes additional capital needed. This section will coordinate with Recommendation area of the Personal Risk Planning.
e. Your Business Planning:
Fred's standard I.R.S. Business Valuation will be included here. Also, Fred will develope a standard list of alternatives for passing along the closely held business.

* f. Business Planning Recommendations:
A recommendation will be made on a case by case basis.

vi. Managing Your Exposure to Personal Risk: (W.Henderson)

a. Introduction to Personal Risk:
Jim to check Wegner's Boilerplate, Warner has some comments here also.

b. Your Life Insurance Appendix:
Jim to give Warner the print-out.

c. Your Life Insurance Coverage Inventory & Cost Analysis:
Warner to write an individual policy review with each case. Maybe Mike and Steve can help here.

* d. Life Insurance Recommendations:
Done on a case by case basis. Refer back to capital needs section of Estate Planning analysis.

e. Introduction to Health and Disability:
Jim's Appendix will provide boilerplate.

f. Your health and Disability Insurance.
Jim's disability income benefits graph will cover here. It shows the adjusted value of disability benefits in an inflationary period.

* g. Recommendations on Health and Disability Insurance:
Refer back to cash flow analysis: Warner has chart here also, this section will be individualized on a case by case basis.

h. Property and Casualty Insurance:
We will not provide a review on recommendations in the area. Steve will draft a standard letter for each client to send to their property and casualty agent requesting a review of their coverage and the agents recommendations.

vii. Retirement Planning and Other Employee Benefits: (Mike Jordon & Steve O'Neill)

The cut-off age for including Retirement Planning will be age 50.

a. Introduction to Retirement Planning:
Jim to review Wegner's report here. Warner will help.

b. Your Present Retirement Plan:
Describe each plan on a case by case basis. Steve has a chart on this area.

* c. Retirement Plan Recommendations:
Steve and Mike will cover this area on a case by case basis.

*Areas to be discussed on a case by case basis weekly.
**Estate and Business Planning will move to this position in the Plan if the client is a closely held Business Owner.